

was better done by someone more competent. TBF Ex. 107, Pp. 62-63, 161-163.

2. Reliance on Counsel.

a. Nature of the Advice. Reliance on counsel cannot excuse a clear breach of duty by a licensee. RKO General, Inc. v. FCC, 670 F.2d 215, 231 (D.C. Cir. 1981). Here, counsel did not provide either Trinity or NMTV any written or articulated reasons in support of his advice and the massive dominance by Trinity over NMTV cannot possibly admit of innocence or bona fides on the part either of Trinity or its counsel. See discussion of the law applying de facto standards to all licensees at Section A6, supra.

b. Lack of Reliance Upon Advice. The circumstances under which it was given make any reliance on that advice dubious. I.D., P. 42 n.48. Moreover, critical testimony demonstrates Crouch's intent to deceive the FCC and to abuse the FCC's processes, and that Crouch did not in fact passively rely upon May's advice. At Tr. 2674, Crouch testified:

I told Mr. May very explicitly, I said, if we go for this and he did make it clear to me that I believed we were the very first applicant to approach the Commission for this exception. And I said, we're plowing new ground, new territory here and I said, put everything on the record, make it clear to the agency what the relationship between TTI and Trinity Broadcasting is, divulge everything, put everything on the record, file it with the Commission. If they pass on it and approve it, fine, our goal was to acquire as many stations and network affiliates as we possibly could.

This testimony shows Crouch's understanding that (1) there was uncertainty as to NMTV's entitlement to these preferences, (2) he understood the proper action was not to passively rely on counsel, as Trinity claims (at 12), but "put everything on the record, file it with the Commission" and let the FCC rule, and (3) Crouch gave May an explicit directive as to how to proceed.

As shown in ¶65 of the I.D. and Trinity 19-21, Crouch's later testified that he relied upon May to determine what should go in the submissions to the

FCC. The Presiding Judge correctly viewed this testimony as a retraction that was not credible. I.D., ¶65.¹⁷ Trinity vigorously claims that there was no inconsistency and that the testimony quoted at Tr. 2674 meant that Crouch wanted disclosure of "everything that was relevant" was to be disclosed. Trinity at 20-21. Trinity's argument is contrary to Crouch's plain words. Crouch told May "very explicitly" to "divulge everything" and to put everything on the record at the FCC. The Odessa and Portland assignment applications obviously did not come close to making that sort of disclosure.¹⁸ Crouch knew that was the case.

c. Qualified Nature of Advice. There were important qualifications to May's belief. May understood:

that the Board of Directors had to be the parties that were in fact controlling and operating National Minority, and they did that by coming to meetings, participating in the discussions at meetings, and generally directing the policies and affairs of the company.

Tr. 3226. As shown in Section A, supra, these qualifications were not complied with.

¹⁷ Trinity (at 21 n.32) argues that this credibility finding is not entitled to any deference because it is not based on demeanor. Credibility, however, involves more than demeanor. It includes "the overall evaluation of testimony in the light of its rationality or internal consistency and the manner in which it hangs together with other evidence." TeleSTAR, Inc., 2 FCC Rcd 5, 13 (Rev. Bd. 1987), quoting from Carbo v. U.S., 314 F.2d 718, 749 (D.C. Cir. 1963). The Presiding Judge's finding falls squarely within that definition of credibility. Such credibility findings are entitled to special deference. Broadcast Associates of Colorado, 104 FCC 2d 1619 (1986).

¹⁸ Crouch testified that although he signed the Odessa and Portland assignment applications (and therefore attested to their accuracy and completeness), he merely "flipped through" the application before signing it. Tr. 2699, 2749. This failure to properly review the application took place despite the explicit warning in International Panorama proceeding that Crouch abdicated his responsibility to ensure the representations in an application were correct. Despite the misrepresentations that occurred and the explicit warning that more was expected of him, Crouch again failed to live up to his responsibilities.

3. NMTV's Minority Purpose. Trinity and NMTV argue that NMTV was established to serve minorities and to get minorities involved in broadcasting. NMTV objects to the Presiding Judge's conclusion that NMTV's purpose was "to be nothing more than another vehicle to carry out TBN's mission of spreading the gospel over the airways." I.D., ¶306. NMTV at 4-8, 12-14, 18-21, Trinity at 10-11. The claim that NMTV was formed to get minorities into broadcasting and to serve minorities is further evidence of TBN's and NMTV's lack of candor.¹⁹

NMTV charges that the Presiding Judge improperly fixated on the absence of any mention of service to minorities in the articles of incorporation to the exclusion of other evidence. NMTV at 18-20. The mention of a religious purpose in the articles (identical to TBN's articles) (MMB Ex. 7), and the failure to mention any purpose of serving minorities, was strong evidence that NMTV's true purpose was identical to TBN's purpose. NMTV also ignores its principals' admissions that its primary purpose was to propagate the faith, not serve minorities. Espinoza admitted that preaching the gospel "to whomever", whether minorities or not, was his goal. Tr. 4249. Duff agreed that propagating the faith was NMTV's "overriding goal". Tr. 1577. NMTV relies on Juggert's explanation as to why it was supposedly inadvisable to place a purpose of minority control or service in the articles of incorporation (NMTV 20). but Juggert admitted that purpose could have been

¹⁹ The arguments that the Presiding Judge improperly excluded evidence concerning NMTV's minority purpose are not well taken. The material discussed at NMTV, Pp. 4-5 (¶6) is background which says nothing about how decisions were made at NMTV. The testimony cited at NMTV 6 ¶8 is either too general to be of any evidentiary value or is background which provides no information concerning who controlled NMTV. Finally, the excluded evidence that NMTV allegedly served minorities (NMTV at 11) is irrelevant because it cannot be shown that the programming was a result of actions taken by the board. Absent such evidence, the programming carried by NMTV has no bearing to the control issue or the intent to comply with the FCC's minority control policies.

inserted in the by-laws. Tr. 3884-3885. Accordingly, the lack of any contemporaneous documentary evidence supporting NMTV's claimed purposes is very probative evidence that NMTV was not formed for that purpose.

NMTV's operations demonstrate that providing TBN programming to as many people as possible far outweighed any interest in minority control or service. Minority population played no role in determining where low power stations would be applied for - the communities were chosen on the basis of overall population and lack of over-the-air TBN programming. Tr. 1743-1745. Crouch made no study of the demographics of minorities or the extent of cable penetration among minorities in Odessa when NMTV purchased the Odessa station. Tr. 2381-2382, 2681. The Portland station was purchased not because of the area's minority population but because of the size of the market and the availability of the permit at a reasonable price. Tr. 1778-1781, 2390. No attempt was ever made to provide local programming to the minorities in Odessa. The station managers in Odessa (Prentice) and Portland (McClellan) were not minorities, and McClellan's wife (who was not a minority) was hired to another key management position at the Portland station. Tr. 4427, 4433. The Portland Chief Engineer was not a minority. Tr. 4433. The minority outside directors had no meaningful involvement in NMTV's affairs. While NMTV argues that it was not required to bring a minority from Odessa or Portland on to its board (NMTV 21), its failure to do so is relevant evidence of its lack of minority purpose. The claims that NMTV was formed for the purpose of involving minorities in broadcasting and serving minorities is a sham.²⁰

²⁰ Contrary to NMTV's argument at 14 n.13, the Presiding Judge's conclusions were not based hostility to the idea that religious and gospel programming would serve minorities. NMTV has made the claim that it was somehow different from TBN because it had the purpose of serving minorities. The record shows, however, that those who controlled NMTV never focused on serving minorities, but focused on spreading TBN programming.

4. Disclosures to the FCC. Trinity (at 14-18) argues that no intent to deceive the FCC can be found because it made various disclosures to the FCC concerning the TBN-NMTV relationship. This argument ignores what was not told to the FCC, as well as the misleading representations that were made to the FCC. See Section B1, supra. Trinity does not explain why the FCC should be expected to search through hundreds of filings to find what should have been disclosed directly to the FCC. The documents cited by Trinity do not begin to make a full and fair disclosure of the TBN-NMTV relationship. The filed documents show that (a) TBN and NMTV had common directors and officers, (b) Ben Miller signed NMTV applications²¹, (c) TBN and NMTV had the same address, (d) that the proposed stations would rebroadcast KTBN-TV, TBN's flagship station, and (e) NMTV director Duff held the position "Administrative Assistant to the President" of TBN. The LPTV applications (TBF Ex. 101, Tab M, P. 22) are actually misleading concerning the financial relationship. The financing source is described as NMTV, and TBN is described as a back up source of financing. The FCC is not told that TBN was intended to provide the financing all along. None of the filings, individually or collectively, constituted what Paul Crouch realized was necessary: a full and complete explanation of the TBN-NMTV relationship.

Trinity (at 15, 17) also relies on discussions May reports he had with Alan Glasser of the FCC staff in which he allegedly disclosed TBN's financial and programming ties and Duff's employment at TBN. Any disclosures made in

²¹ Miller's use of titles with respect to his role at NMTV was a candorless attempt to hide his true important role in NMTV's affairs. He described himself in a letter as NMTV's "Director of Engineering" (MMB Ex. 249), but in this proceeding has referred to himself as a "Technical Consultant" (Glendale Ex. 210, Pp. 29-30), implying that he was an outside contractor. As shown above, he has in fact acted as a management-level employee directing NMTV's engineering affairs.

those discussions fell far short of a complete and candid disclosure. For instance, May said that TBN would provide programming, but no disclosure was made that the Odessa station would carry nothing but TBN programming. Tr. 3233, 3236. May did not inform Glasser that TBN was providing an open line of credit to NMTV. Id. Nothing was said about the provision of business services by TBN or the role of Ben Miller and other TBN employees in providing engineering services. Tr. 3233-3234, 3239-3240. Nothing was said about Espinoza's lack of role in directing NMTV's affairs, the holding of common director's meetings, or any of the other important facts the FCC needed to have a fair picture of the TBN-NMTV relationship. This discussion does not show any intent to be forthcoming concerning the TBN-NMTV relationship.

Underneath the veneer of filings and communications with the FCC lay a huge toxic waste of unlawful de facto control that could not reasonably have been, and was not in fact, detected by this agency over a period of many years. The selfish benefit to Trinity, a motive to conceal and the parties' guilty scienter are unmistakable. None of the cases cited by Trinity, at 16, 30, involved such malum in se circumstances: Pinelands, Inc., 7 FCC Rcd 6058, 6065, n.28 (1992)(all undisclosed information readily available in ownership reports on file with the FCC); WWOR-TV, Inc., 6 FCC Rcd 193, 206 (1990)(in its FCC filing, party identified SEC papers containing information in question); Calvary Educational Broadcasting Network, Inc., 9 FCC Rcd 6412, 6420 (Rev.Bd. 1994)(matter omitted from text of report was supplied in an attachment to the text); Barry Skidelsky, 7 FCC Rcd 1, 3 (Rev.Bd. 1992)(corporate documents filed referred to warrants and put and call arrangements, although the warrants themselves were not filed); Valley Broadcasting Company, 4 FCC Rcd 2611, 2615-16 (Rev.Bd. 1989)(illogical omission of information in one proceeding regarding which it was not material when the information was filed

in another proceeding to which it pertained); Omaha 54 Broadcasting Group, Limited Partnership, 3 FCC Rcd 870-71 (Rev.Bd. 1988)(application form did not identify stock as voting or nonvoting, but Articles of Incorporation, also filed, identified as voting); Intercontinental Radio, Inc., 56 RR 2d 903, 926-27 (Rev.Bd. 1984)(news programming exhibit contained errors reflected on the face of program logs that were also furnished); Superior Broadcasting of California, 54 RR 2d 773, 777 (Rev.Bd. 1983) and WGUF, Inc., 58 FCC 2d 1382 (Rev.Bd. 1976)(failure to report other broadcast interests on file with the FCC); Mesabi Communications Systems, Inc., 36 RR 2d 31, 33 (Rev.Bd. 1976)(employee of a licensee, pursuing his own application, not responsible for failure of that licensee, in its filings, to report employee's other broadcast interests of which it had been advised); Vogel-Ellington Corp., 41 FCC 2d 1005 (Rev.Bd. 1973)(failure to report past broadcast interests, erroneously reading FCC Form 314 to require only current interests); Christian Broadcasting of the Midlands, Inc., 2 FCC Rcd 6404 (1987)(disclosure of premature construction arguably not required and the opposing party readily could observe such construction); Phoenix Media Corp., 2 FCC Rcd 498 (1987)(failure to report broadcast industry promotion that was openly publicized in a press release and in R&R Records).

II. GLENDALE'S QUALIFICATIONS

Trinity (at 32-39) and the Bureau except to the resolution in Glendale's favor of an issue to determine whether Raystay Co. made misrepresentations or lacked candor in applications to extend LPTV construction permits at Lancaster and Lebanon, PA. The Presiding Judge found that most of the statements in the application were clearly correct and that no evidence existed of any intent to

deceive the FCC. I.D., ¶¶210-246, 335-350.²² The exceptors ignore important evidence, and the I.D. must be affirmed.

In reviewing the exceptions, one must note that intent to deceive is the sine qua non of disqualification under a misrepresentation or lack of candor issue.²³ A second fundamental principle is that disqualification of Glendale cannot be supported unless George Gardner, the common link between Raystay and Glendale, acted with an intent to deceive the FCC. I.D., ¶337.

A. Raystay's Intent In Seeking Extensions

Trinity's and the Bureau's exceptions are premised on the arguments that (1) Raystay filed the extension applications for the LPTV stations so it could sell the permits and (2) when the extension applications were filed, Raystay had abandoned any intention of constructing the stations. Trinity at 32-34, 35-36, Bureau at 4, 5, 10, and 14. Neither argument has record support.

George Gardner explained that the extension applications were not filed for the purpose of selling the construction permits. Tr. 5338. Lee Sandifer, Raystay's Vice-President, testified that Raystay would not have bothered to file extension applications to sell the permits because the amount of money that could have been received would not have justified the time and effort involved. Tr. 5184-5185. While the Bureau (at 5) cites Raystay's loan agreement with Greyhound Financial Corporation (Greyhound) as evidence that Raystay did not intend to build the stations, the agreement shows otherwise. Sandifer did not negotiate a provision in the loan agreement that would have

²² No exceptions were taken to the favorable resolution of an issue specified against Glendale concerning an application to assign a LPTV construction permit at Red Lion, PA. I.D., ¶¶264-300, 351-358.

²³ Fox River Broadcasting, Inc., 93 FCC 2d 127, 129 (1983). The Bureau's attempt to equate negligence and carelessness with intent to deceive (at 15) is contrary to the Fox River case.

explicitly allowed Raystay to sell those permits, which he would have done if Raystay intended to sell the permits. TBF Ex. 264, P. 14, Tr. 5185. He did negotiate a provision which gave Raystay and its principals another means of constructing the station Tr. 5087-5090, 5182-5183. George Gardner wanted to develop a viable business plan and build the stations. Tr. 5176-5177, 5237, 5272. David Gardner, George Gardner's son and a management official at Raystay, was proposing to build the stations in October 1992 (after grant of the second set of extension applications). Glendale Ex. 221, Tr. 4948.²⁴

Trinity uses isolated snippets of testimony taken out of context. Trinity relies on highly selective editing of testimony at Tr. 5277 (at 33). Immediately after the quoted material, George Gardner testified:

But we were still hopeful that we would find a way to make it work. We did dedicate a lot of time to it. And we had several situations that I felt were going fairly well. And the application for extension was something that we needed to do.

The testimony Trinity cites supports, at most, a finding that if TV40 (Raystay's existing LPTV station) was sold (which it never was), Raystay would have been willing to sell the permits. Tr. 5278. The testimony at Tr. 5270

²⁴ The Bureau (at 4) cites ¶246 of the I.D. for the proposition that "no later than May 1991, George Gardner abandoned any realistic expectation of implementing Raystay's LPTV Business Plan." The cited paragraph proves the exact opposite. It notes continuing efforts to develop a business plan after that time frame and George Gardner's explicit representation that he never abandoned the basic business plan until he decided to turn the permits in. Tr. 5318. It details Sandifer's and David Gardner's understanding that work on the business plan was continuing. Trinity's claim (at 38) that Harold Etsell unequivocally testified that he never had any further discussions with cable operators after early 1991 is wrong. He explicitly left open the possibility that there were later discussions he did not recall. I.D., ¶246. The specious arguments that Etsell "obviously would have remembered that..." and that David Gardner's and George Gardner's testimony concerning discussions with cable operators were "witness stand inventions" is far short of the specific evidence of intent to deceive required. The idea that the Gardners' testimony was a lie because it was not contained in their direct case testimony (Trinity at 38) is absurd. Glendale was under no obligation to present any direct case never mind a complete case, because TBF had both evidentiary burdens.

(Trinity at 33) merely states that Raystay would not build the stations without "programming that you considered would make the stations viable", not that Raystay had abandoned the idea of building the stations. Finally, the testimony at Tr. 5276 (Trinity at 34) again refers to the need for a viable business plan, not the abandonment of the permits. Tr. 5276.

The discussions Raystay had concerning the possible sale of the permits do not show that it abandoned any plans to build the permits or that Raystay filed the extension applications to sell the permits. When the first extension applications were filed, Raystay was not in active negotiations with anyone concerning the possible sale of the Lancaster or Lebanon permits. I.D., ¶¶257-259. Raystay never made any serious effort to sell the permits after the first extension applications were filed - the only communication was a letter that was written and promptly forgotten. I.D., ¶260.

B. Alleged Misrepresentations

Trinity and the Bureau fail to show that any statement in the extension applications was clearly false (most statements were undoubtedly true) or that Raystay attempted to deceive the FCC. Trinity (at 36) calls the following statement an "outright [lie]":

No application mutually exclusive with Raystay's construction permit application had been filed, so no other entity has expressed an interest in providing this service.

Trinity simply ignores the Presiding Judge's explanation as to why this argument is frivolous. Tr. 4697-4698. Trinity alleges that the use of the word "continuing" to describe negotiations with cable operators is a misrepresentation because those discussions allegedly ended months before December 1991. Trinity at 37-38. Paragraph 246 of the I.D. and the testimony noted at P. 26 n.24, supra, show that Trinity is wrong. The only statement that the Presiding Judge questioned was that Raystay "has entered into

negotiations with representatives of the owners of the antenna site specified in the applications, although these negotiations have not been consummated." The phrase "lease negotiations", which came from counsel, was described as "imprecise", but no intent to deceive was found, in part because Raystay did not imply it was close to a lease. Both Trinity (at 36-37) and the Bureau (at 11-12) attack this statement as a misrepresentation. Both parties simply ignore David Gardner's explanation for his belief the statement was accurate: he believed the discussions were preliminary "lease negotiations" because, before the calls, there was some doubt in his mind about the most basic term of a lease: the availability of the land. After the conversation, he felt satisfied the sites were still available. Tr. 4739-4741, 4906-4908. Trinity and the Bureau may disagree with David Gardner's analysis, but they have utterly failed to show that his testimony was disingenuous. Furthermore, David Gardner did not admit that he discussed no lease terms (Trinity 37 n.63). He believed that the availability of the site was the most basic lease term. Tr. 4907-4908.

Trinity's argument that the testimony of the site representatives indicates that David Gardner's testimony cannot be believed (at 36-37) ignores important evidence. Barry March, the representative at the Lebanon site, admitted that he could have had a telephone conversation that he forgot about. TBF/Glendale Joint Ex. 4, P. 66. That March typically did not arrive at the office until 9:30 does not establish he was not present for the 9:08 call; special functions or meetings would cause him to arrive earlier sometimes. TBF/Glendale Ex. 5, Pp. 97-98. The typical screening procedures used in the offices fail to prove that the conversations could not take place, especially since those procedures were not always followed. TBF/Glendale Ex. 6, P. 83. Finally, Rick's testimony at TBF/Glendale Joint Ex. 6, P. 41 only shows that

he did not recall an advance telephone conversation in 1993, not that he was surprised on October 16, 1991. TBF Ex. 228 is documentary evidence that some sort of conversation took place in October 1991. The argument that no such conversation took place has no record support.

Finally, ¶349 of the I.D. cogently and accurately explains why George Gardner, whose state of mind is dispositive, had more than a reasonable basis for accepting the statement. Trinity's argument (at 38-39) that George Gardner knew no leases would be negotiated is speculation based upon the false premise that he had no intention to build the stations.

C. Alleged Lack of Candor

Trinity (at 36) and the Bureau (at 10-11) argue that Raystay lacked candor by not disclosing that an engineer referred to in the exhibit was a contractor retained by Trinity. Neither party refutes the Presiding Judge's reasoning at I.D., P. 43 n.53.

The Bureau (at 7-8, 12-13) argues that the second extension applications were somehow misleading because they used the same exhibit as the first extension applications. No representation was made that any of the described activities²⁵ took place between January 1992 and July 1992. The Bureau knew that the two sets of applications used the same exhibit, and it was patently uninterested in dates when it granted the extension applications. The same exhibit was used on the assumption that additional planning had not been done. TBF Ex. 249.²⁶ Since no representation was made as to when activities


²⁵ The one possible exception is the reference to "continuing" negotiations with cable operators. Those discussions continued into 1992, however.

²⁶ Moreover, the Bureau's claim (at 12) that Raystay performed no activities in the January to July 1992 period is wrong. For example, David Gardner continued to talk to programmers from 1990 until the permits were turned in. Tr. 4833, 4885, 4888. Sandifer was also involved in discussing

occurred, and since the Bureau decided such information was unnecessary when it processed the applications, no intent to deceive can be found.

Trinity (at 34-35) suggests that Raystay somehow lacked candor by failing to disclose a series of facts concerning its business plans. The argument ignores the fact that the exhibit disclosed what Raystay was doing to develop a business plan. Raystay showed its candor when it told the FCC up front that it had not begun to construct the station. Trinity's suggestion that extensions will be denied if a permittee wishes to sell their permit (35-36) is just plain wrong. Sandino Telecasters, 8 FCC Rcd 2573, 2575 n.6 (1993). The desire to sell a permit is not justification for an extension, but it is not a bar to an extension. What is important is the efforts made to construct, and Raystay's report was truthful and candid.²⁷

Respectfully submitted,

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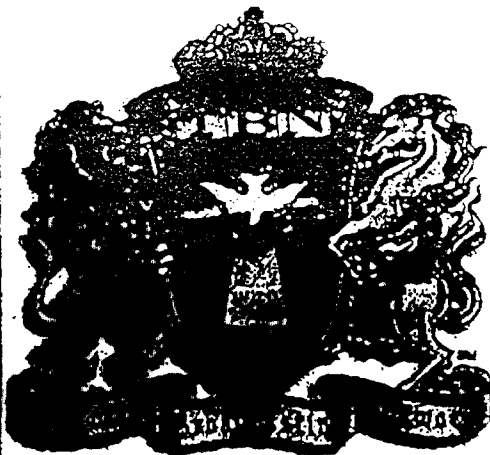
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programming ideas in 1992. Tr. 5126. As noted above, there were discussions with cable operators in 1992.

²⁷ As for Trinity's exception challenging the Presiding Judge's refusal to add site and financial misrepresentation issues against Glendale (Trinity at 40), the Presiding Judge's Memorandum Opinion and Order, FCC 93M-469 (released July 15, 1993) demonstrates that Glendale had reasonable assurance of its transmitter site when it filed its application (¶¶ 5-6). As for the financial misrepresentation issue, ¶15 of the order shows that TBF's request for a financial misrepresentation issue is baseless.



Praise the Lord

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"FEAR NOT!"

"FEAR NOT: FOR I HAVE REDEEMED THEE, I HAVE CALLED THEE BY THY NAME; THOU ART MINE. WHEN THOU PASSEST THROUGH THE WATERS, I WILL BE WITH THEE, AND THROUGH THE RIVERS, THEY SHALL NOT OVERFLOW THEE..."

Isa 43:1, 2



Your TBN is facing a very serious spiritual battle. PLEASE help us PRAY THROUGH - join us in PRAYER UNTIL THE VICTORY COMES!

How do I begin to describe to you, my faithful Partners, the deepest, darkest valley we have ever gone through, and are still going through together? I would have to write another book, and I may just do that - to fully relate to you the "deep waters" that your TBN has gone through these past three years. I have struggled for some time as to whether or not I should open my heart and share with you the depths to which this chapter, in the history of TBN, has taken us. But, then I read in 2 Corinthians 11 how the Apostle Paul opened his heart to the Church of his day and shared the depths to which his journey had taken him!

Let me hasten to say that I do not begin to compare the depths of our suffering with his - *God forbid!* Who among us has been "stoned three times"? I have not suffered "shipwreck." I have not been "beaten with rods," or "received 39 stripes, five times"! And yet, there are some similarities. "In journeyings often" - yes! "In perils of robbers" - yes! Today, crafty lawyers file scurrilous petitions at the FCC to extort huge sums of money from your TBN! "In perils by mine own countrymen" - yes! "In perils by the heathen" - yes! "In perils in the city, in perils in the wilderness" - yes! "In perils among false brethren" - yes, yes, yes!

So why does the great Apostle take us through this long litany of his trials and tribulations? Well, maybe just to get it off his chest, as we say. But the real reason is given in verse 30...

"IF I MUST NEEDS GLORY I WILL GLORY IN THE THINGS WHICH CONCERN MINE INFIRMITIES." 2 Cor. 11:30

In other words, *Jesus gets all the praise and glory because the GOOD NEWS continues to go around the world in spite of human weakness! Praise the Lord!*

While the suffering of Paul's day is very different from ours - we do not receive literally the sting of a whip - yet the inner stripes and the emotional suffering are very real, as all of us can testify! Amen?

So how and where did this nightmare begin? I will try in simple laymen's terms to tell you, so that you will know better how to pray for the total Victory that I believe is coming! Many of you have read newspaper accounts that claim that "Paul Crouch tried to build and control more TV stations than the rules of the FCC allow." This I can show is *NOT TRUE* to any honest, impartial observer. In any case, this is an honorable controversy - I have often said

"I WOULD RATHER BE CHARGED BY MEN FOR TRYING TO SECURE TOO MANY STATIONS, THAN TO BE CHARGED BY GOD FOR TRYING TO SECURE TOO FEW!"

To explain - A few years ago, the FCC adopted a policy designed to open up broadcasting to more minorities. The limit on full power station ownership was 1, but the policy stated that owners of 12 stations could have an ownership position or a "cognizable interest" in two additional stations, if a majority of the board of directors were of minority ethnic races. The board of TBN considered this and decided to implement this new policy through a corporation that had been formed seven years earlier that already had a majority of minorities on its board. It gets a little complicated here, so read carefully and prayerfully.

We consulted with our FCC attorneys and were advised that the Minority Corporation met all of the qualifications for this new FCC policy. So with confidence, the Minority Corporation filed for a 13th station in Odessa, Texas. The permit was granted in due course by the FCC and the Minority Corporation built and began to operate the station as a TBN affiliated station. Not long thereafter, a similar permit was granted by the FCC for a station in Portland, Oregon, bringing the two corporations to the new limit of 14 full power TV stations.

All went well for a few years, until a station owner in bankruptcy did not want the Minority Corporation to acquire it and so brought charges against TBN and the Minority Corporation, alleging that we had conspired to abuse the FCC policy and that the two corporations were trying to control more stations than rules allow. Oddly enough, a minority political action organization joined in that charge. About that same time a competing application was filed against our Channel 45, Miami station and against our Channel 63, Atlanta/Monroe station. The grounds for these two competing applications were that TBN had conspired to abuse the rules of the FCC to control more stations than the rules permit. As a result, the FCC called us all in for an administrative hearing to determine the facts in the case. Two years ago, all of the corporate principals, including myself, were required to give many days of testimony before an Administrative Law Judge at the FCC. My testimony under oath was simply that *I believed in good conscience and at all times we were operating within the rules and policy of the FCC. I further testified that we at all times followed the advice and counsel of our FCC attorneys and that it never once crossed my mind that we were trying to deceive the FCC. This I still affirm under oath with all my might before God and man! All of the other principals testified basically the same, under oath.*

Here is where the matter gets very serious. The rules of the FCC governing the relationship between TBN and the Minority Corporation are virtually nonexistent and, at best, are vague and contradictory. In simple terms, the FCC rules do not tell us what the administrative relationship should be between TBN and the Minority Corporation. *But, now, the license renewal of Miami hung in the balance as to how we had conducted the relationship and the business affairs of the two corporations. We would wait nearly two years for the Judge's decision.*

In the meantime, the legal staff of the FCC, who had participated in the hearing, released their findings of fact and conclusions of law with regard to our Miami license renewal. *The FCC said that TBN should have its license renewed as we were fully qualified to own and operate it. They further recommended that our competitors, who had filed against us, were NOT qualified to have the license and should be dismissed. They did state that TBN had exercised too close a relationship and in fact had exercised "defacto control" over the Minority Corporation and should be assessed a monetary forfeiture or fine as a result. Even these recommendations were a surprise, given the lack of rules stated earlier, over what the relationship should have been.*

But the absolute shocker was the final decision of the Administrative Law Judge, who, by the way, did not appear to be at all sympathetic to our faith. His decision *totally reversed the recommendations of the FCC legal staff and ruled that TBN should be disqualified and that our competitors were qualified to have the license of Ch. 45, Miami! Bottom Line - if this judge has his way, we would have to give up the license for Miami and go off the air! The same may go for Atlanta/Monroe and, in fact, three more competing applications have been filed against TBN's stations and one against the Minority Corporation.*

By the way, a comment, *on the record* by this judge was: "IT [TBN] WASN'T JUST A RELIGIOUS BROADCAST SERVICE; IT WAS TO SPREAD THE FAITH THAT REVEREND CROUCH PROFFESSES." I say, "Be careful, your Honor, there is a much higher Judge who will ultimately decide this case!"

The good news - *we have the right to appeal this decision to the FCC Review Board, which we have done. We wait now for their decision. We pray for a reversal of this decision and I ask you to join me in that prayer. If we do not get a reversal, we have the right to appeal the decision to the full Federal Communication Commission, which we will do, if necessary. If we do not get a good decision there, we will take our case to the federal courts, which, of course,*



Strong forces in our country want to SILENCE this Mighty Voice "How shall they hear without a preacher?" (Rom. 10:14) And how can MILLIONS receive the Gospel message without Christian TV coming into their homes? Please Pray for Your TBN!

"WHEN THOU WALKEST THROUGH THE FIRE THOU SHALT NOT BE BURNED; NEITHER SHALL THE FLAME KINDLE UPON THEE." Isa. 43:2

Ah, dear Partners, the battles grow hotter and more intense. The strategy of our enemy is abundantly clear: he wants to totally *SILENCE* this great Voice that God has raised up! Of course, in the final analysis, the Victory will be the Lord's, but in the meantime, God expects *YOU AND ME* to gird for battle!

As I write this letter in mid-December, we are hoping and praying for at least some relief in the Telecommunications Bill, HR-1555, which is in its final phase before going to the President for signature. *Thank you, to thousands of you, our Partners*, who called your Congressmen and Senators, asking them to support this bill and some special provisions in it that would reform the FCC's renewal rules and give better protection to our Christian stations, and *ALL* free broadcast facilities. We may need you to call again!

In the meantime - *PRAY!* I have been *FASTING AND PRAYING* and I call upon all to do the same. Also, please be faithful with your gifts and pledges - *the legal costs are soaring!*

Finally, dear Partners, there does come a time when we have done all we know to do - when we have exhausted every known remedy. Then is when we simply -

"STAND STILL AND SEE THE SALVATION OF THE LORD!" Ex. 14:13

There is an old hymn that has been going over in my spirit that says it best:

**"HE GIVETH MORE GRACE, WHEN THE BURDENS GROW GREATER,
HE SENDETH MORE STRENGTH, WHEN THE LABORS INCREASE,
TO ADDED AFFLICTION, HE ADDETH HIS MERCIES,
TO MULTIPLIED TRIALS, HIS MULTIPLIED PEACE.**

**HIS LOVE HATH NO LIMITS; HIS GRACE HATH NO MEASURE,
HIS POWER HATH NO BOUNDARIES KNOWN UNTO MAN,
FOR OUT OF HIS INFINITE RICHES IN JESUS,
HE GIVETH, AND GIVETH, AND GIVETH, AGAIN!"**

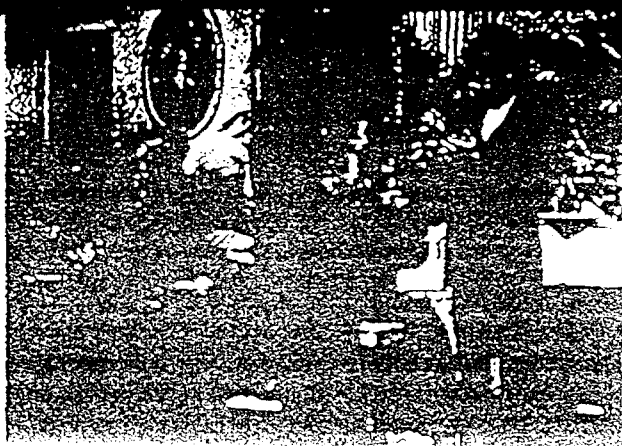
Paul

"When someone becomes a Christian, he becomes a brand new person inside."

What a JOY to have world-renown actress DYAN CANNON as a special guest. What fun it was, reminiscing about some of her roles as an actress - like her part in one of the "Pink Panther" movies with Peter Sellers. But the real highpoint came when she shared her testimony and her uncompromising stand for JESUS CHRIST! Thank God for Dyan - a POWERFUL spokesperson for Jesus. The World looks to and LISTENS to TV and Motion Picture Stars - whether it be for a product, lifestyle, philosophy or FAITH! Pray for DYAN CANNON as she tells the world about JESUS!



"Out of the mouth of babes...perfected praise"



JOSHUA HINN stole our hearts, demonstrating how he'd memorized his Bible verses, when he came with his daddy, BENNY HINN, recently on Praise The Lord. What an inspiration it is to see the young ones loving Jesus and learning the Word from such an early age! That is one VERY IMPORTANT REASON WHY we must never take Christian TV for granted, and do all we can to KEEP it GOING and GROWING - so children everywhere can hear about Jesus, and learn God's Word! Any hour of the day or night, you can turn on TBN and hear anointed messages from great men of God like BENNY HINN and be touched by their prayers, or be lifted Higher by the ministry in song by wonderful Musical Ministers like VERN JACKSON! Let's

CERTIFICATE OF SERVICE

I, Martin Tansey, a legal assistant employed by Bechtel & Cole, Chartered, do hereby certify that on the 28th day of February, 1996, a copy of the foregoing "Reply to Exceptions" was sent first-class mail, postage prepaid to the following:

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* Hand Delivered